

MEETING NOTES OF THE NATURAL RESOURCE EXTRACTION IMPACT WORKING GROUP

Tuesday, March 21, 2006 – 1:30 p.m. – Olmstead Room East Building

Present: Lt. Governor Gary Herbert, Gayle McKeachnie, Senator Mike Dmitrich, Cheri McCurdy, Commissioner Larry Ross, Commissioner Ralph Okerlund, Ruland Gill, Ken May, John Njord, Christopher Love, Walter Baker, Lynn Stevens, Laura Nelson, Christine Kearn, John Andrews, Sarah Wright, Rep. David Ure, Rep. John Mathis, Lee Peacock, John Baja, Steve Schneider, Peter Jenks, Ron Dean, Richard Ellis, Bonnie Carrig, Rick Allis, Robert Spendlove, Terrah Anderson, Les Prall, Bim Oliver, Denece Kitto

Goals of Working Group

1. Identify needs caused by impacts, and the funding needed (State and County roads, education, water, sewer, etc.)
2. Look at available resources and tools to mitigate impacts
 - a. Potential of \$500 million to meet needs
 - i. USDA
 - ii. Mineral Lease
 - iii. Waterloans
 - iv. PCIB
 - v. Industry/Severance tax
 - b. Is there a gap?
3. Make recommendations to Governor and legislature by July

Background and Gayle's prejudices

1. Mineral Lease- 40% to go back to counties where impacts originated, 32% to PCIB. Federal statute says money should go back where impacts were, not necessarily to counties (state impacted too).
 - a. He helped create PCIB
 - b. Only the "broke" get grants- no incentive to try to have money available for projects, because it hurts chances to get free money.
 - c. Mineral Lease money has mostly been used to build physical structures. There are other needs that may be impacted that do not get funding.
2. Severance Tax justification:
 - a. The taxes are limited to the limited source it comes from (oil, gas, coal)
 - b. Some of this resource should be kept to diversify economy when boom is over. It allows the community to live through bust times.
 - c. This tax can help mitigate bust times for quality of life.

Lt. Governor Gary Herbert

1. Impacts are real- impacts to US Hwy 10 in Emery County; Energy; Social Services, Schools, etc.
2. Competing interests- understand them and find common solutions
3. Many stakeholders- don't want to exclude participation
4. Need a process to solution- based on facts, not emotion
5. "Do it right" to protect generations to come

Member Input

1. Members were asked to create list of impacts, resources and to monetize it.
 - a. Sarah Wright- Utah Clean Energy
 - i. Resources- incentives for research and development for responsible extraction: some counties use ML money for weatherization program. Diversify
 - b. Walt Baker- Water Quality Director
 - i. Impacts- dirty water; WY struggles with coal bed methane; surface water; wastewater; booming infrastructure; debt in bust times.
 - c. Sen. Mike Dmitrich-
 - i. Impacts- 4% Severance Tax on coal
 - ii. Resources- recommends sharing 40% with impacted cities
 - d. Commissioner Okerlund- Impact Board
 - i. Impacts- Tax base from mines. No funding for roads, strains with federal agencies (compliance issues)
 - ii. Resources- ML money that goes to non impacted counties are in loans, not grants. Need more money from PCIB to go to county general funds (no money for FTE)
 - e. Ken May- Coal industry ,
 - i. Impacts- business stability, 1/3 of FTE are untrained and new. If we over tax or burden mining industry, they will go out of state.
 - f. Dr. Laura- Energy
 - i. Resources- renewable energy should be used more; natural gas, oil shale, tar sands; If we don't take care of the communities, we loose the industries.
 - g. Bonnie Carrig- USDA
 - i. Resources- federal funds for housing, infrastructure and businesses. State interest rates are lower than feds.
 - h. Cheri McCurdy- Uintah SSD Mgr.
 - i. Impacts- amount of projects booming, lots of unmaintained roads
 - ii. Resources- should create more SSD (Fire, Jails, etc.)
 - i. John Baja- Div. Oil, Gas & Mining
 - i. Resources- Div. serves public, cities, counties and industry; works with groups to mitigate conflicts.

- j. Lynn Stevens- Public Lands
 - i. Resources- can remove roadblocks
- k. Ruland Gill- Questar Gas
 - i. Impacts- Utah not business friendly- not good investment, fragile industry. Needs CIB \$ for roads to get rigs in and out fast, delay is costly- competing with China.
- l. Chris Love- Workforce Services
 - i. Impacts- unemployment insurance up when economy is down.
 - ii. Resources- Use money to diversify economies
- m. Christine Kearn- Education
 - i. Impacts- schools and districts in boom times- skills for after High School. Economic depressed areas have fewer educated people.
- n. John Njord- Dept. of Transportation
 - i. Impacts- County roads do not get money to fix.
- o. Commissioner Ross
 - i. Impacts- Hwy. 40, tax base, Indian reservation don't bring in revenue, but use up resources.
- p. Representative Mathis
 - i. Impacts- graveled roads being used- need pavement. Water pipeline needed but can't guarantee future usage. Hwy 40 only route in and out.
 - ii. Resources- money for education in Uintah Basin
- q. Representative Ure
 - i. Impacts- lack of rural vote in legislature. Rural voice not heard on taxes.

Action Item

1. Provide a five year budget of impacts you have identified. Email to Terrah or Denece.

Adjourned 3:10